



0000088118

RECEIVED

Susan Casady  
Supervisor  
Regulatory Affairs

Tel. 602-250-2709  
Fax 602-250-3003  
email Susan.Casady@aps.com

Mail Station 9708  
PO Box 53999  
Phoenix, Arizona 85072-3999

2008 AUG 28 A 10:04

AZ CORP COMMISSION  
DOCKET CONTROL

August 27, 2008

Docket Control  
Arizona Corporation commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Re: Arizona Public Service's Application for the Sale of Certain Distribution Assets and Deletion from its  
CC&N of Certain Areas in Pinal County  
ACC Docket No. E-01345A-08-0426

Dear Sir or Madam:

In the Arizona Public Service ("APS") application filed on August 11, 2008, in the above captioned matter, APS stated that the Company would notify Ak-Chin Indian Community of its intent remove its service obligations in that area to the Chairman of the Ak-Chin Indian Community Tribal Council, the Utility Manager of ACES and also to the Chairman of the Board of ACES. Please find attached a copy of the Ak-Chin letter that was sent to these individuals.

Also, APS recently sent our customers in portions of Pinal County a letter advising them that the Company had filed the above referenced application. The letter also contained a link to a website where customers can learn more about the application and provided a phone number and electronic mail address for any further questions our customers may have regarding the application. Please find attached a copy of that customer letter.

If you have questions, please contact me at 602-250-2709.

Sincerely,

Susan Casady

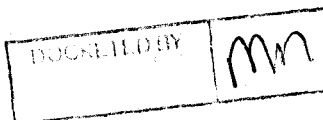
SC/dmk

Enclosure

Cc: Alexander Ijwe  
Steve Olea  
Vicki Wallace

Arizona Corporation Commission  
DOCKETED

AUG 28 2008





*A subsidiary of Pinnacle West Capital Corporation*

**Daniel T. Froetscher**  
General Manager  
Energy Delivery

318 N. Marshall  
Casa Grande, AZ 85222

August 22, 2008

Dear APS Customer,

APS has some important news to share with you about your electric service provider.

On August 11, 2008, APS submitted an application to the Arizona Corporation Commission (ACC) for approval to sell its electric distribution facilities in the area to Electrical District No. 3 (ED-3).

Under the application, which must be approved by the ACC, current APS customers who reside within ED-3's proposed service boundary will be served by ED-3. We take great pride in the service we provide our customers, and we struggle with the idea of seeing 4,000 loyal customers transition to another electric service provider. However, we believe our customers will be best served by the move.

Currently, APS customers in the area are served by APS power lines that are connected with ED-3's electric system. This unique arrangement creates occasional confusion regarding which utility is responsible for repairs, can result in delays in restoring service, increases costs for both utilities, and poses a potential risk to the safety of our employees and the public.

Over the past several years, these operational challenges and tremendous growth in the area have prompted the two companies to find a more effective solution to serving the area. Approval of the application will result in a single electric utility with the responsibility of maintaining critical infrastructure and ensuring reliable service in the area. ED-3 currently serves more than 17,000 customers in the area and has proven to be a capable and reliable service provider.

Customers affected by this change will benefit from operational efficiencies that will appear seamless and may not be immediately evident to you. Benefits the two companies expect to result from the sale include:

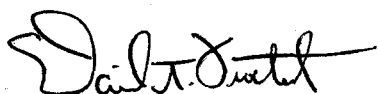
- Consolidation of facilities under one company to lessen confusion and delays in service restoration while identifying whose facilities belong to which utility;
- Improved employee and public safety; and
- Cost savings.

We understand this letter may prompt more questions than it answers. To be candid, there are some questions that may not have answers at this point, but we are committed to keeping you informed through the process. We have established a Web site, [www.aps.com/ed3](http://www.aps.com/ed3), which will be updated regularly. Should you have questions about the transition, you can call (520) 421-8455.

In the coming months, we plan on hosting a community open house, the details of which will be mailed to you and posted on the Web site mentioned above. In addition, you can share your thoughts and questions with us via e-mail at [ed3@aps.com](mailto:ed3@aps.com).

In the meantime, if there is anything we can do to assist you during this transition, please let us know. It has been our pleasure to serve you.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel T. Froetscher". The signature is fluid and cursive, with a large initial "D" and a stylized "F".

Daniel T. Froetscher  
APS General Manager of Energy Delivery



August 26, 2008

Ms. Delia Carlyle, Chairman  
Ak-Chin Indian Community  
42507 West Peters and Nall Rd.  
Maricopa, Az. 85238

Re: APS Application to withdraw CC&N

Dear Chairman Carlyle,

I write you in regards to a recent application submitted by Arizona Public Service Company ("APS" or "Company") to the Arizona Corporation Commission ("ACC") regarding the deletion of the Ak-Chin Indian Community lands from the Company's Certificate of Convenience and Necessity ("CC&N").

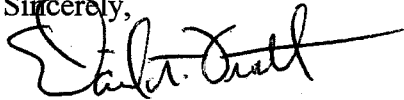
As you know, APS sold its electrical distribution facilities to the Ak-Chin Indian Community a little more than ten years ago when the Ak-Chin decided to establish a tribal utility authority to own and control the electrical distribution facilities on the Reservation. The sale of the facilities to the Ak-Chin was approved by the ACC on September 29, 1997 in Decision Number 60433. At that time, APS did not seek to withdraw its Certificate of Convenience and Necessity ("CC&N") covering the Ak-Chin Indian Community.

Recently, on August 11, 2008, APS filed an application with the ACC seeking, for various reasons, permission to sell its distribution facilities in much of Western Pinal County to Electrical District Number Three ("ED-3") and also to delete ED-3's service area from the Company's CC&N. Given the geographic location of the Ak-Chin Indian Community within ED-3's service area, coupled with the fact that APS has no customers on the Ak-Chin Community Reservation and no realistic prospects of obtaining future customers, APS has also requested in its filing that the ACC delete the Ak-Chin lands from its Certificate of Convenience and Necessity ("CC&N"). APS views the deletion of the CC&N in this regard as the final step in transitioning the provision of electric service from APS to Ak-Chin that was initiated in 1997.

We value the relationship we enjoy with the Ak-Chin and wanted to be sure you were aware of our filing and request to delete your lands from our CC&N. The application is filed at the ACC as Docket Number E-01345A-08-0426 and is available for your review. I would also be happy to send you or your designee an electronic copy of the filing if you so desire.

If you have any questions or concerns regarding this matter, or if you would like a copy of the filing, please do not hesitate to give me a call at 602-250-4101 or contact me via e-mail at Daniel.Froetscher@aps.com. I appreciate the opportunity to be of service and hope that if you have any questions, you will contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel T. Froetscher", with a long horizontal flourish extending to the right.

Daniel T. Froetscher  
General Manager, Rural Az. Delivery

Cc: Chairman Charles Carlyle, Ak-Chin Energy Services  
Mr. Lenny Gold, Utility Strategies Consulting Group, LLC  
Jim Valenzuela, APS  
Evelyn Casuga, APS